

EXEMPTIONS FROM EXCHANGE CONTROL MEASURES

Exchange of notes at Ottawa June 18, 1940
Entered into force June 18, 1940

54 Stat. 2317; Executive Agreement Series 174

The Secretary of State for External Affairs to the American Minister

DEPARTMENT OF EXTERNAL AFFAIRS
CANADA

No. 84

OTTAWA, June 18th, 1940

SIR:

With reference to recent conversations between representatives of the Government of Canada and the Government of the United States of America regarding the extension to individuals ordinarily resident in Canada who are nationals of the United States and are not British subjects of certain exemptions from orders and regulations now or hereafter in force respecting the acquisition and disposition of foreign currency and foreign securities, I have the honour to propose an agreement concerning these exemptions in the following terms:

1. Such individuals will be exempt from any required declaration or sale of, and will be permitted freely to use or dispose of, foreign currency and foreign securities held by them (in which no non-exempted resident has any beneficial interest) which were

(a) acquired by them before the time of the coming into force of the Foreign Exchange Control Order, viz., before September 16, 1939; or

(b) acquired by them subsequent to such time from non-residents of Canada, excluding any foreign currency and foreign securities so acquired (1) in connection with exports from or imports into Canada of property not exempted by this agreement, or (2) as the result of business carried on in Canada.

2. The foregoing paragraph shall apply to private individuals and not to corporations, companies, associations, firms or partnerships.

3. Any of the exemptions mentioned above shall lapse if and when such individual becomes a British subject or ceases to be a United States national.

4. In the event similar exchange control measures should be enforced in the United States with respect to individuals ordinarily resident in the United States who are nationals of Canada and are not nationals of the United States, without like exemptions being granted such individuals, the Government of Canada shall consider themselves released from the obligation to continue to grant such of the exemptions provided for in this agreement as may not be accorded to the said individuals.

5. "Foreign currency", as used in this agreement, is defined as meaning any currency (excluding coin) other than Canadian currency, including bank notes and other notes intended to circulate as money in any country outside Canada and also postal notes, money orders, cheques, travellers' cheques, prepaid letters of credit, bank drafts and other similar instruments payable in any currency other than Canadian currency, and includes any foreign currency on deposit; and "foreign currency on deposit" or "deposit" means any amount in foreign currency of which a resident has a right to obtain payment by reason of a deposit, credit or balance of any kind at or with a bank, savings bank, trust company, loan company, stockbroker, investment dealer or other similar depository or any other person or institution designated by the Canadian Foreign Exchange Control Board as a depository.

I have the honour to suggest that if an agreement in the sense of the foregoing paragraphs is acceptable to the Government of the United States this note and your reply thereto in similar terms shall be regarded as placing on record the understanding arrived at between the two Governments concerning this matter.

Accept, Sir, the renewed assurances of my highest consideration.

O. D. SKELTON
for
*Secretary of State
for External Affairs*

HON. J. PIERREPONT MOFFAT,
*Minister of the United States,
Ottawa.*

The American Minister to the Secretary of State for External Affairs

LEGATION OF THE
UNITED STATES OF AMERICA
Ottawa, Canada, June 18, 1940

No. 7

SIR:

I have the honor to refer to your note of today's date proposing an agreement between the Government of the United States of America and the Government of Canada concerning the extension to individuals ordinarily

resident in Canada who are nationals of the United States and are not British subjects of certain exemptions from orders and regulations now or hereafter in force respecting the acquisition and disposition of foreign exchange and foreign securities in the following terms:

[For terms of agreement, see numbered paragraphs in U.S. note, above.]

I have the honor to inform you that an agreement in the terms of the foregoing paragraphs is acceptable to the Government of the United States of America and that this note, and your note under reference, will be regarded as placing on record the understanding arrived at between our Governments concerning this matter.

Accept, Sir, the renewed assurances of my highest consideration.

PIERREPONT MOFFAT

The Right Honorable
THE SECRETARY OF STATE
FOR EXTERNAL AFFAIRS,
Ottawa.